

August 6, 2003

IN RE: DOCKET NO. 2002-367-C & 2002-4080-C – Generic Proceedings

**A COPY OF VERIZON SOUTH'S RESPONSES TO THE CONSUMER  
ADVOCATE'S INTERROGATORIES (SET NO. 1) HAVE BEEN  
DISTRIBUTED TO THE FOLLOWING:**

---

Chief, McDaniel

---

Legal (1)

---

Exec. Ass't.

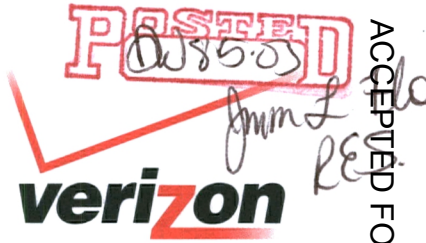
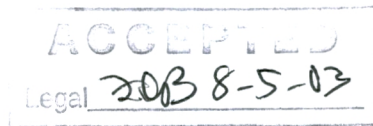
---

Research Dept. (1)

pao



Regulatory & Governmental Affairs



1301 Gervais St. - Suite 825  
Columbia, SC 29201

Phone 803 254-5736  
Fax 803 254-9626

RECEIVED  
2003 AUG -4 PM 3:56  
SC PUBLIC SERVICE  
COMMISSION

August 4, 2003

Mr. Gary E. Walsh  
Executive Director  
SC Public Service Commission  
P.O. Drawer 11649  
Columbia, SC 29211



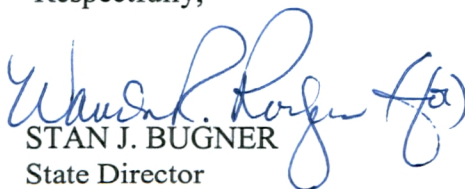
In Re: Docket 2002-367-C & Docket 2002-408-C

Dear Mr. Walsh:

Enclosed you will find the Responses of Verizon South Inc. to the Interrogatories of the Consumer Advocate (Set No. 1) in the above referenced docket/s. Also enclosed is a Certificate of Service attesting that the Consumer Advocate has been provided the required copies of these responses.

Please do not hesitate to contact our office should you have any questions concerning this matter.

Respectfully,

  
STAN J. BUGNER  
State Director

C: Steven W. Hamm, Esq.

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

RECEIVED  
2003 AUG -4 PM 3:57  
SC PUBLIC SERVICE  
COMMISSION

IN RE:

DOCKET 2002-367-C - Generic Proceeding to )  
Address "Abuse of Market Position" )

CERTIFICATE OF SERVICE


DOCKET 2002-408-C - Generic Proceeding to )  
Define The Term "Inflation-Based Index" )

This is to certify that I have caused to be served this day, two (2) copies of the Responses of Verizon South Inc. to the Interrogatories of the Consumer Advocate, (Set No. 1) as referenced in the above docket/s via overnight express delivery to the Parties of Record as indicated below. In addition, a copy of same has been provided to the Executive Director of the South Carolina Public Service Commission.

Elliott F. Elam, Esquire  
South Carolina Department of Consumer Affairs  
P. O. Drawer 5757  
Columbia, SC 29250-5757

Allen G. Buckalew  
J. W. Wilson & Associates, Inc.  
1601 North Kent Street - Suite 1104  
Arlington, VA 22209

Gary E. Walsh, Executive Director  
SC Public Service Commission  
P. O. Drawer 11649  
Columbia, SC 29211

  
WANDA R. RODGERS  
Verizon Services Group Inc.  
1301 Gervais St. - Suite 825  
Columbia, SC 29201  
(803) 254-5736

August 4, 2003  
Columbia, South Carolina

STATE OF SOUTH CAROLINA  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

Generic Proceeding to Address the  
Definition of "Abuse of Market Position"

and

Generic Proceeding to Define the Term  
"Inflation-Based Index"

Docket No. 2002-367-C

Docket No. 2002-408-C

2003 AUG -4 PM 3: 57  
SC PUBLIC  
UTILITY  
COMMISSION  
RECEIVED

**VERIZON SOUTH INC.'S RESPONSE TO  
THE CONSUMER ADVOCATE'S  
FIRST SET OF INTERROGATORIES (SET NO. 1)**

Verizon South Inc. (Verizon) hereby submits this written response to the First Set of Interrogatories (First Set) propounded by The Consumer Advocate to Verizon South Inc.

**GENERAL OBJECTIONS**

1. Verizon submits these responses subject to all objections that would be available if they were offered at hearing, and all such objections are hereby expressly reserved and may be interposed at time of hearing or at any other time. By providing these responses, Verizon is not making any incidental or implied admissions regarding the content of any document requested and/or produced. No response to any interrogatory is intended nor shall any response be construed as a waiver by Verizon of all or any part of any objection to any request.

2. Verizon objects to the First Set to the extent that it calls for the production, identification, or disclosure of information or documents protected by the attorney-client privilege, information or documents protected by the work-product doctrine, or information or documents protected as trial preparation material.

2. Verizon objects to the First Set to the extent that it does not comply with or to the extent that it calls for the production of documents beyond the requirements of applicable South Carolina Rules.

3. Verizon objects to the First Set to the extent that it seeks information that is irrelevant to this proceeding or is not likely to lead to the discovery of relevant information.

4. Verizon objects to the First Set to the extent that it seeks to have Verizon create documents not in existence at the time of the request.

5. Verizon objects to the First Set to the extent that it is overly broad and unduly burdensome.

6. Verizon objects to the First Set to the extent that it calls for Verizon to produce publicly available documents.

7. In light of the short period of time Verizon was afforded to respond to the First Set, discovery and the development of Verizon's position are necessarily ongoing, and Verizon's response may be subject to supplementation or further refinement. Verizon therefore reserves the right, at its discretion, to supplement or modify its response. However, Verizon does not assume an affirmative obligation to supplement its answers on an ongoing basis and therefore objects to The Consumer Advocate's instruction to the contrary.

**VERIZON SOUTH INC.  
DOCKETS 2002-367-C AND 2002-408-C  
RESPONSES TO THE INTERROGATORIES  
OF THE CONSUMER ADVOCATE  
(SET NO. 1)**

**SPECIFIC OBJECTIONS AND RESPONSES**

**1-1: INTERROGATORY**

For each state where the Company operates as an incumbent local exchange carrier under a price cap or other alternative regulation methodology, please provide a copy of any statute and/or commission order setting forth the structure of that alternative regulation, including whether an inflation-based index is part of that form of regulation, and also setting forth the type of index and formula for application of the index.

**1-1: RESPONSE**

Verizon specifically objects to this interrogatory as irrelevant and overbroad because it seeks information about the law governing Verizon's operations outside South Carolina. In addition, Verizon specifically objects to this interrogatory because it seeks documents and information from publicly available sources that are equally convenient to The Consumer Advocate. Subject to and without waiving the foregoing objections, Verizon responds as follows:

See Exhibit A attached hereto.

Respondent: Dennis B. Trimble, Executive Director -- Regulatory  
Verizon Services Group, Inc.

**VERIZON COMMUNICATIONS INC.  
STATE PRICING PLANS  
SUMMARY  
( EXHIBIT A)**

<b>State</b>	<b>Form of Regulation</b>	<b>Pricing Rules: Basic Res and Single-Line Bus</b>	<b>Inflation- based Index</b>	<b>Productivity Offset</b>	<b>Statute(s)</b>	<b>Commission Order(s)</b>
California	AFOR	Prices may be adjusted within a tariffed range (floor and ceiling) (1) Price Ceilings (2) Price floors are subject to an annual change based on inflation	N/A GDP-PI	No No		CPUC Decision D.98-10-026
Connecticut	AFOR	Revenue neutral rate restructuring allowed.	N/A	No	Section 16- 247k of the CT. General Statutes	Docket No. 99-03-06 Decision dated 1/31/01
District of Columbia	AFOR	Basic Res: individual rate increase limited to 10% annually; overall revenue changes limited to change in inflation. Revenue neutral changes allowed  Basic Bus: rate increases limited to 10% annually, revenue neutral changes allowed with no individual rate increasing more than 25%	GDP-PI	No		Order No. 12338 dated 2/28/02 and Order No. 12368 dated 4/1/02

State	Form of Regulation	Pricing Rules: Basic Res and Single-Line Bus	Inflation- based Index	Productivity Offset	Statute(s)	Commission Order(s)
Delaware	AFOR	Rates may be increased annually by an “inflation minus productivity” index with potential or exogenous offsets	GDP-PI	3%	26 Del. C. Section 707	PSC Order No. 4821 in Docket No. 41, 6/9/98
Florida	AFOR	May adjust basic service revenues once in any 12-month period up to a percent based on the change in an “inflation minus productivity” index	GDP-PI	1%	Section 364.051(3)	
Hawaii	ROR	File a Rate Case	-	-		
Idaho	ROR	File a Rate Case	-	-		
Illinois	ROR	File a Rate Case	-	-		
Indiana	ROR	File a Rate Case	-	-		
Massachusetts	AFOR	No upward flexibility until classified as sufficiently competitive	N/A	No		D.T.E. 01-31 Phase I and II
Maryland	AFOR	Price increases for individual services limited to 10% per year  Price cap index for various baskets based on “inflation plus or minus exogenous changes”	GDP-PI plus or minus 3-year running average of the CPI	No		Order No. 73011  Case No. 8715



State	Form of Regulation	Pricing Rules: Basic Res and Single-Line Bus	Inflation- based Index	Productivity Offset	Statute(s)	Commission Order(s)
Maine	AFOR	Rates capped (unless below cost) until May 2006	N/A	No		Docket 99-851
Michigan	Cost Regulated	Once rates are at TSLRIC, they can be annually increased by an "inflation minus productivity" index	CPI (Detroit CPI Index)	1%	MI Telecom. Act: Sections 102(y) and 304	
North Carolina	AFOR	Individual rate increases limited to "inflation plus 3%"  Overall annual revenue cap: "inflation minus productivity"	GDP-PI  GDP-PI	No  2%		NC Docket P-17, sub 277. Order dated 5/2/96.
New Hampshire	ROR	File a rate case	-	-		
New Jersey	AFOR	Revenue neutral (or exogenous event) filings permitted.  No rate cap. May file at any time to increase rates - Commission approval required.  Promotions, packaging and discounting permitted.	N/A	No	NJSA 48:2-21.18	NJ Docket No. TO01020095  Commission approved new plan effective 7/01/02, order not yet issued
Nevada	ROR	File a rate case	-	-		

State	Form of Regulation	Pricing Rules: Basic Res and Single-Line Bus	Inflation- based Index	Productivity Offset	Statute(s)	Commission Order(s)
New York	AFOR	Flexibility to raise and lower rates within a 3% range of intrastate revenues each year. This provision expires 2/29/04	N/A	No		Case 00-C-1945 Order issued and effective 2/27/02.
Ohio	ROR	File a rate case	-	-		
Oregon	ROR	File a rate case	-	-		
Pennsylvania (former BA)	AFOR	May propose revenue neutral rate rebalancing.  Rates may be increased annually by an “inflation minus productivity” index	GDP-PI	2.93%		Docket No. P-00930715. PUC Order entered 6/28/94.
Pennsylvania (former GTE)	AFOR	May propose revenue neutral rate rebalancing.  Rates may be increased annually by an “inflation minus productivity” index	GDP-PI	2.5%		Docket No. P-00001854. PUC Orders entered 7/26/01 and 4/11/02.
Rhode Island	AFOR	In general, rates may be increase by \$1 per year until 2006	N/A	No		Docket No. 3445
South Carolina	AFOR	Rates may be increased annual based on an inflation-based index	Currently being defined		Section 58-90-576	
Texas	AFOR	Rates capped until 9/1/05	N/A	No	PURA Sec. 58.051 and 58.054	Substantive Rule 26.224

State	Form of Regulation	Pricing Rules: Basic Res and Single-Line Bus	Inflation- based Index	Productivity Offset	Statute(s)	Commission Order(s)
Virginia	AFOR	Rates capped until 12/31/03, thereafter may be increase by $\frac{1}{2}$ of the change in inflation.	GDP-PI	No		Regulatory Plans adopted in SCC Final Orders in the following Cases: VZ VA-PUC010032 and VZ SO-PUC000265.
Vermont	AFOR	Plan requires various price reductions through 4/23/05  Revenue neutral rebalancing allowed	N/A	No	Statute Title 30, Section 226b	Docket No. 6167 Final Order dated 3/24/00.
Washington	ROR	File a rate case	-	-		
Wisconsin	AFOR	Rates may be increased annually by an “inflation minus productivity” index plus or minus 1% penalty/incentive	GDP-PI	2%	State Statute 196.196, detailed in WI Admin Code Chapter PSC 163.	
West Virginia	AFOR	Rates are frozen until 1/1/06	N/A	No		Case No. 00-0705-T-PC